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- (1) Government may again put Muto's name up for consideration even if DPJ disagrees

MAINICHI (Page 3) (Full)  
March 8, 2008

Masahiro Kawaguchi

What will happen if the major opposition Democratic Party of Japan (DPJ) refuses to endorse Deputy Bank of Japan (BOJ) Governor Muto's

promotion to the top BOJ post?

The selection of the BOJ governor and deputy governors requires endorsement from both houses of the Diet. This means that if the DPJ, the first party in the Upper House, opposes the government's proposed candidate, that candidate will not be appointed for the post. In such a case, one possibility is that the government will come up with another candidate, but more likely is that the government will again put Muto's name. The reason is because the government, concluding Muto as being most qualified for the post, proposed Muto, so "If the government puts another's name for the post, there would be no sense in what it previously said," one official at the Prime Minister's Official Residence (Kantei) noted.

Should the DPJ again refuse to accept the government's proposal, it would become difficult in terms of schedule to select a new BOJ governor by March 19, when current BOJ Governor Fukui's term of office expires. The BOJ governorship will then be vacant for a while. If that happens, an assistant BOJ governor will act as governor, but there would be a managerial problem: How to manage the Monetary Policy Meeting, which is chaired by the governor. In addition, how to explain the reason for the absence of the governor to the rest of the world will surface as an international credibility problem.

A view heard in the DPJ is that the party can save its face once it refused to endorse the government's proposal. One scenario being floated at present is that if the government again puts Muto's name, the DPJ will abstain from voting in the Upper House plenary session, but the government's proposal will be adopted by a majority of votes from the attending lawmakers.

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(2) Close-up 2008 column: DPJ stiffens its stance in response to government's nomination of Muto for BOJ top post

MAINICHI (Page 3) (Abridged)  
March 8, 2008

In order to deal with the question of who will succeed current Bank of Japan (BOJ) Governor Toshihiko Fukui, the government proposed promoting Deputy BOJ Governor Toshiro Muto (64) for the BOJ governorship in spite of opposition to the nomination of Muto from the major opposition Democratic Party of Japan (DPJ). This proposal made the DPJ harden its stance. In the divided Diet, the DPJ holds the key to personnel selection for government posts. If the DPJ refuses to give the nod to the government's candidate to be BOJ governor, it would create a "vacuum" at the BOJ. The DPJ in this sense has put itself in a tight situation. Meanwhile, Prime Minister Yasuo Fukuda, with no prospect to obtain DPJ approval for the government's candidate, given the track record so far of overtures to the DPJ, is taking a gamble on DPJ President Ichiro Ozawa making his own decision.

Flexible Ozawa torn between his party and the prime minister

Takashi Sudo

"Why?" This question came from the mouth of Ozawa on March 7, when he was told by DPJ Diet Policy Committee Chairman Kenji Yamaoka by phone about the government's nomination of Muto for the top BOJ post. Ozawa was apparently disgruntled when informed of the move.

Following the government's action, the DPJ held a meeting of its sub-committee on personnel selection for government posts that require approval from both houses of the Diet. After the session, Chairman Yoshito Sengoku reiterated his disapproval of promoting Muto to the governor's post, saying, "Doing so is very risky and problematic." At the meeting, objections were voiced in succession by participants with one member arguing that Muto "comes from the Budget Bureau and lacks experience in monetary affairs." No one supported his nomination. DPJ Secretary General Yukio Hatoyama noted at a news conference afterwards: "The tide of opinion in the DPJ is that fiscal and monetary affairs must be separated."

Despite a strong objection to the selection of Muto for the governor's post, Prime Minister Fukuda presented his nomination anyway. This is taken by the DPJ as "an act of the LDP picking a quarrel" with it, a senior DPJ lawmaker said. But the current situation is not so simple that the DPJ can just refuse the government's proposal. If a vacuum for the BOJ governorship is created, the DPJ may be exposed to public criticism. Ozawa from the beginning has been viewed as being flexible about the nomination of Muto.

Ozawa was initially trying to informally unify the party's views, but the ruling bloc forced the passage of the fiscal 2008 budget bill in the Lower House. Since then the DPJ has hardened its attitude sharply. Those who have previously advocated the need for separation between fiscal and monetary affairs have now gained steam in the DPJ. Some in the DPJ are wary of Ozawa's possible softening of his attitude toward the ruling camp, while watching the right timing to do so.

It is, however, true that given the mood in the party, it is

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difficult for Ozawa to shift toward endorsing the government's proposal. Those in the DPJ, including Sengoku, who are opposed to the government's nomination of Muto, overlap with those who can be categorized as opposing Ozawa, a trend that started last fall with the idea of forming a grand coalition between the LDP and the DPJ. If the DPJ moves to endorse the government's proposal led by Ozawa, it could change the party's mood toward a more cautious course. Prime Minister Fukuda is looking for ways to make a breakthrough through a one-on-one meeting between him and Ozawa, but on March 7, Yamaoka again denied the possibility of holding such a meeting, noting: "We don't want to be misunderstood as trying to form a grand coalition."

On March 3, Ozawa reportedly snapped at his aides during a meeting with them: "Sengoku is standing in the way." On the other hand, however, Ozawa revealed to them: "I won't act in a way that will split the party over the selection of the BOJ governor."

Prime Minister Fukuda, who is adamant in his idea of nominating Muto for BOJ governorship, started action before obtaining consent

Yoshiaki Nakagawa

Prime Minister Fukuda presented the nomination of his favorite candidate Muto at a time when only two weeks are left before the expiration of the current governor's term of office. Fukuda had not previously revealed his true feelings even to senior officials in the government and the ruling camp as to the three candidates for the governor and deputy governors until March 7, when the government presented the three candidates for those posts. Chief Cabinet Secretary Nobutaka Machimura, the right-hand man of the prime

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minister, sensed in advance that Muto would be nominated as governor. But it was in the morning of March 7 after a cabinet meeting when Machimura was told that candidates for deputy governors were Masaaki Shirakawa and Takatoshi Ito.

Senior members in the BOJ as well as the Ministry of Finance were beset with doubts and fears over the question of whom Fukuda had in mind as a candidate for governorship. Former Secretary General Hidenao Nakagawa, who serves as the representative manager of the Machimura faction, also noted: "The prime minister is not the person who arm twists." However, some in the ruling bloc suspected that Fukuda might nominate another candidate because he is still enthusiastic about creating a grand coalition with the DPJ.

In actuality, Fukuda felt he had no choice but to pick Muto. The staff for the prime minister, in anticipation of objections from the DPJ, at one point considered nominating Taizo Nishimura, chairman of the Tokyo Stock Exchange or Shigemitsu Miki, chairman of the Bank of Tokyo-Mitsubishi UFJ. But they later removed the two from the list of candidates, thinking it would not do to choose the top official of the stock market that fluctuates with monetary policy and the top

leader of the bank repeatedly punished by the Financial Services Agency. Former Deputy BOJ Governor Yutaka Yamaguchi was also removed from the list at an early stage on the grounds that he made a mistake in determining when to end the zero-interest-rate policy in the days of former BOJ Governor Masaru Hayami.

The government's concern was that if it had presented someone as candidate for BOJ governorship other than Muto, even if the DPJ accepted that nomination, it could be taken as a precedent that the right to nominate the head of the central bank was to be left to the

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opposition bloc. This was the bottleneck for putting someone's name other than Muto's

In the end, the ruling bloc hoped that Ozawa might accept the nomination of Muto. According to a senior ruling camp member, former Administrative Vice Finance Minister Jiro Saito began to work to persuade Ozawa from a considerably early stage. In the days of the Hosokawa administration, Ozawa and Saito worked together to introduce a national welfare tax, an effort which ultimately failed. Since then their relationship has been inseparable.

Senior ruling camp members, as well, tried to persuade the DPJ. On the night of March 21, the ruling Liberal Democratic Party's (LDP) Secretary General Bunmei Ibuki, LDP General Council Chairman

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Toshihiro Nikai, and LDP Diet Affairs Committee Chairman Tadamori Oshima met with DPJ Diet Affairs Committee Chairman Yamaoka.

Bearing in mind Muto, Ibuki told Yamaoka: "He is hard to replace." In response, Yamaoka asked, "Will Japan and the BOJ collapse if Muto does not assume the post?" He avoided responding to Ibuki's proposal. On the night of March 3, Oshima, along with junior coalition partner New Komeito Diet Affairs Committee Chairman Yoshio Urushibara, met with Yamaoka at a restaurant in Tokyo, but Yamaoka was noncommittal. Fukuda eventually had no choice but to decide to put Muto's name in a way to start action before obtaining consent.

BOJ Governor Fukui: "I believe firmly an optimum person will be chosen"

Takayuki Sakai

When asked at a news conference on March 7 about the government's proposal to promote Deputy BOJ Governor Toshiro Muto to the top post, BOJ Governor Toshihiko Fukui said: "I believe firmly that the optimum person will be chosen in the current political situation. Things are moving in that direction." He thus expressed hopes that the selection of his successor would go smoothly, with his retirement scheduled for March 19.

(3) Prefectural department chief points to possible reassessment if (Futenma replacement facility) is moved further offshore

OKINAWA TIMES (Page 2) (Full)  
March 11, 2008

Before the Okinawa prefectural assembly special budget committee (chaired by Seizen Hokama), Okinawa Cultural and Environmental Affairs Department Director General Kenji Chinen yesterday made the following comment in the event the site for a Futenma replacement facility is moved 90 meters further offshore: "If (the facility) is moved, (the government) might have to consider redoing the environmental impact assessment procedures." Regarding the fact that in his views on the outline of the planned environmental impact assessment, the governor is seeking a multiple-year survey of dugons, Chinen said: "Depending on the conditions of the assessment, we will express our views as necessary." The comment was apparently intended to apply pressure on the Okinawa Defense Bureau, which has suggested shortening the assessment.

Chinen was responding to a question from Yonekichi Shinzato (Goken Net).

The department also announced that the number of port calls at White Beach by nuclear-powered vessels in fiscal 2007 (from April 2007 through early March 2008) has significantly increased to 30 from 20 in the previous fiscal year. The number was 18 in fiscal 2004 and 15 in fiscal 2005. The government monitors radiation levels when (nuclear-powered vessels) are docked there. According to the prefectural government, levels have never exceeded the environmental standards. The information was revealed in response to a question from Masaharu Kina (Okinawa Social Mass Party).

Chinen also expressed a negative view about establishing a drunk driving eradication ordinance, saying: "Although we have undertaken coordination for establishing an ordinance, which was proposed by the prefectural police, we have yet to find common ground on the need, effectiveness, and modality of the ordinance. We would like to study it carefully."

He was responding to a question from Hiroko Tsujino (Liberal Democratic Party).

(4) USFK F-16 jets dispatched to Kadena for readiness training

RYUKYU SHIMPO (Page 2) (Abridged)  
March 11, 2008

KADENA-A flight of 12 F-16 fighter jets belonging to U.S. Forces Korea's Kunsan Air Base will participate in the U.S. Kadena Air Base's readiness training, sources revealed yesterday. The arrival of 10 F-16 fighters at Kadena has already been confirmed, and they are expected to start flight training today or later. The F-16 fighters will stay at Kadena for about two weeks, and they will also carry out dogfight training with Kadena-based F-15 fighters.

In December last year, FA-18 fighter jets from the U.S. Marine Corps' Iwakuni Air Station conducted joint readiness training with Kadena-based F-15 fighters. Kadena Air Base has been conducting joint training with U.S. forces stationed in other areas. USFK has never dispatched more than 10 fighter jets to Kadena in recent years, and jet noise is feared to intensify.

According to eyewitnesses, a total of 10 F-16 fighter jets arrived separately at Kadena Air Base yesterday. The first five F-16 fighters touched down a little past 1 p.m., and the other five jets after 3 p.m. Some of them were loaded with air-to-air missiles for training use. According to the Defense Ministry's Okinawa Defense Bureau, the F-16s will participate in an operational readiness inspection to be conducted Mar. 9-14 as part of the readiness training and will stay for about two weeks at Kadena Air Base after that to participate in dogfight training.

The operational readiness inspection, based on a scenario anticipating an emergency, is intended to evaluate an air wing's overall readiness capability, including troop mobilization for deployment, fighter jets' readiness for flight operations, and base operability.

Kadena Air Base will also use siren and alarm systems as well as a ground bombing simulator from tomorrow. F-15 flights have been suspended since last year. However, almost all of the Kadena-based F-15 fighter jets were back to normal operations in February. Jet noise will likely to intensify with the arrival of F-16s.

In the past as well, F-16 fighter jets from Kunsan Air Base were confirmed at Kadena Air Base. The Mehyan'ni range has now been closed, and it is also clear that they have been conducting live-fire training at a range on the island of Torishima, which is situated west of Okinawa's main island.

(5) U.S. warships hit largest number of port calls in 2007

U.S. military warships made a total of 28 port calls in Japanese commercial ports in 2007, the Foreign Ministry has revealed in its documentation submitted to the House of Representatives Budget Committee. In 2006 as well, U.S. warships made a total of 28 port calls in Japan, hitting an all-time high since the Soviet Union's collapse in 1991. The recent collision of a Maritime Self-Defense Force Aegis destroyer and a fishing boat unveiled the MSDF's military-first stance. The U.S. military also shows such a stance, as is evident from its port calls on the strength of the Japan-U.S. Status of Forces Agreement (SOFA).

The Foreign Ministry came up with such data at the Japanese Communist Party's request.

One of the major features of port calls made in Japan by U.S. warships in 2007 is that the USS Guardian and Patriot, which are both minesweepers, entered the port of Sonai in the Okinawa prefectural town of Yonaguni-machi in June. This was the first case of U.S. warships' entry into a civilian port in Okinawa Prefecture since its reversion to Japan in 1972.

The island town of Yonaguni-machi had clarified its opposition to U.S. warships' entry into the port of Sonai. In addition, the Okinawa prefectural government had also asked the U.S. military not to make a port call in that island's port. Nevertheless, the two U.S. warships entered port on the strength of a SOFA provision allowing U.S. warships to access Japanese seaports. The U.S. Navy had conducted a detailed fact-finding survey of the port of Sonai and the island's restaurants and recreational facilities before the two U.S. warships' port call.

In October 2005, the Japanese and U.S. governments agreed to realign U.S. forces in Japan, specifying the U.S. military's use of Japanese seaports to enhance bilateral military cooperation. The agreement incorporates a plan to conduct a detailed fact-finding survey of civilian seaports and other relevant facilities and carry out joint training exercises for bilateral defense planning to back up U.S. military interventions in neighboring contingencies in the Asia-Pacific region.

In early November 2007, Japan and the United States conducted joint field drills in anticipation of neighboring contingencies, with the participation of U.S. naval vessels. In late October that year, shortly before the joint drills, four of those U.S. warships used civilian seaports in Japan. The four U.S. warships were the aircraft carrier USS Kitty Hawk, the destroyer USS Fitzgerald, the destroyer USS Mustin, and the cruiser USS Shiloh. The Kitty Hawk was the first U.S. flattop to enter the port of Muroran in Hokkaido. These also can be taken as shaping the agreement to realign the U.S. military presence in Japan.

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In February, the USS Ronald Reagan, a state-of-the-art nuclear-powered aircraft carrier of the U.S. Navy, called at the U.S. Navy's Sasebo base. One of her escorts, the destroyer USS Russell, called at the port of Shimizu in Shizuoka Prefecture, and another escort, the destroyer USS Paul Hamilton, called at the port of Wakayama in Wakayama Prefecture.

In December, the frigate USS Ingraham, which escorted the amphibious assault ship USS Tarawa heading for the Middle East to support military operations in Iraq, called at the port of Takamatsu (in Kagawa Prefecture). It was the first port call of a U.S. warship at Takamatsu in about eight and a half years.

Commercial ports in Japan are also logistical, transit, and attack bases for U.S. warships homeported in the United States.

U.S. warship calls at Japan's civilian seaports in 2007  
(Source: Foreign Ministry statistics)

Ship name	Port	Date
1 USS Frank cable (submarine tender)	Wakkanai	Jul. 8

2 USS Stethem (destroyer) Ishikari Feb. 5-9  
3 USS Gary (frigate) Otaru Aug. 17-20  
4 USS Observation Island (missile tracking platform) Muroran Mar.  
29-30  
5 USS Kitty Hawk (aircraft carrier) Muroran Oct. 26-30  
6 USS Fitzgerald (destroyer) Muroran Oct. 26-30  
7 USS Mustin (destroyer) Hakodate Oct. 26-30  
8 USS Curtis Wilbur (destroyer) Hachinohe Jan. 25-29  
9 USS John S. McCain (destroyer) Sendai Nov. 1-5  
10 USS Tortuga (dock landing craft) Tokyo Aug. 29-31  
11 USS John S. McCain (destroyer) Niigata Jun. 30-Jul. 4  
12 USS Russell (destroyer) Shimizu Feb. 24-28  
13 USS Curtis Wilbur (destroyer) Shimoda May 17-21  
14 USS Paul Hamilton (destroyer) Nagoya May 19-23  
15 USS Paul Hamilton (destroyer) Maizuru April 19-23  
16 USS Shiloh (cruiser) Maizuru Oct. 26-30  
17 USS Stethem (destroyer) Osaka Mar. 1-5  
18 USS Paul Hamilton (destroyer) Wakayama Feb. 25-27  
19 USS Ingraham (frigate) Takamatsu Dec. 1-5  
20 USS Guardian (minesweeper) Kure Feb. 13-15  
21 USS Patriot (minesweeper) Kure Feb. 13-15  
22 USS John S. McCain (destroyer) Kure Jun. 19-22  
23 USS Guardian (minesweeper) Shimonoseki Feb. 8-12  
24 USS Lassen (destroyer) Oita Jun. 18-21  
25 USS Mustin (destroyer) Nagasaki Mar. 1-5  
26 USS Safeguard (salvage ship) Kagoshima Feb. 9-13  
27 USS Guardian (minesweeper) Yonagunijima Jun. 24-26  
28 USS Patriot (minesweeper) Yonagunijima Jun. 24-26

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